Rise in fraud cases in banks

697. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that fraud and corruption cases involving crores of rupees have been on an increase in a number of Nationalised Banks;

(b) whether it is also a fact that reconciliation of inter-branch accounts in a number of banks has been in arrears and heavy outstandings have been found in their accounts; and

(c) if so, what measures have been initiated by Reserve Bank of India and Government to check this and fix accountability to avoid recurrence of such cases?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO VITHOBA ADSUL): (a) No, Sir. As reported by nationalized banks including State Bank of India group to Reserve Bank of India (RBI) the number of fraud cases *viz.* 1353 & 1643 and amount involved therein Rs. 470.37 crores & Rs. 394.97 crores during the years 2001 and 2002 respectively are on the lower side than the number of fraud cases *viz.* 1858 and amount involved therein Rs. 538.56 crores during the year 2000.

(b) RBI has informed that it is not a fact that reconciliation of inter-branch accounts *i.e.* matching of entries in a number of banks has been in arrears. There are, however, some unadjusted and outstanding entries/amounts in banks.

(c) RBI as a part of its supervisory responsibility has been advising banks from time to time about the common fraud prone areas and the measures to be taken by them to prevent/reduce the incidence of frauds including frauds in computerized environment in banks which includes introduction of a system of concurrent audit; monitoring of working of internal inspection and audit machinery at the top most level in banks; clear demarcation of duties and responsibilities of employees; periodical rotation of staff; prompt disciplinary action; intensive screening of candidates at the time of recruitment; implementation of recommendations of Mitra Committee, etc.

RBI has been closely monitoring the progress in the elimination of outstanding entries/amounts in the inter-branch accounts.